

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 29, 1999

IN RE:)	
)	
PETITION OF MCI WORLDCOM, INC.,)	
WORLDCOM NETWORK SERVICES, INC.,)	
MFS COMMUNICATIONS COMPANY, INC.,)	DOCKET NO.
MCI COMMUNICATIONS CORP., MCI)	99-00433
TELECOMMUNICATIONS CORP, AND)	
WORLDCOM TECHNOLOGIES, INC. FOR)	
AUTHORITY TO REORGANIZE AND FOR)	
RELATED TRANSACTIONS)	

ORDER APPROVING REORGANIZATION AND RELATED TRANSACTIONS

This matter came before the Tennessee Regulatory Authority ("Authority") on the Petition ("Petition") of MCI WorldCom, Inc. ("MCI WorldCom"), WorldCom Network Services, Inc. ("WNS"), MFS Communications Company, Inc. ("MFSCC"), MCI Communications Corp. ("MCIC"), MCI Telecommunications Corp. ("MCIT"), and WorldCom Technologies, Inc. ("WT") (collectively "Applicants") for approval pursuant to Tenn. Code Ann. § 65-4-112 of the reorganization of Applicants' corporate structure and the completion of a series of internal transactions to consolidate Applicants' long-distance operations. The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on July 13, 1999.

From the Petition and the record existing in this matter, the Authority has determined the following:

1. The Applicants requested that the Authority approve, pursuant to Tenn. Code

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Ann. § 65-4-112, various mergers and transfers as part of an internal reorganization. The principal result of the mergers and transfers is that WT, under the new name MCI WorldCom Communications, Inc., will provide long-distance service to its existing customers and to customers formerly served by MCIT, and that MCIT, under the new name of MCI WorldCom Network Services, Inc., will primarily provide long-distance service to other carriers formerly served by WNS.

2. MCI WorldCom, a publicly held Georgia corporation whose principal offices are located at 500 Clinton Center Drive, Clinton, Mississippi 39056, is the ultimate parent of all of the Applicants. MCI WorldCom's operating subsidiaries are authorized to provide telecommunications services in 50 states, including Tennessee.

3. MCIC, a Delaware corporation, is a holding company for a number of entities including MCIT.

4. MFSCC, a Delaware corporation, is a holding company for a number of entities including WT.

5. WT is a Delaware corporation and a wholly-owned subsidiary of MFSCC whose current operations include the provision of telecommunications services in Tennessee. The certification of WT to provide telecommunications services in Tennessee was transferred by Order of the Authority dated January 30, 1998 in Docket No. 97-013615.

6. WNS is a Delaware corporation and a wholly-owned subsidiary of MCI WorldCom whose current operations include the provision of long-distance telecommunications services primarily to other carriers in Tennessee. On March 27, 1991, WNS' predecessor was granted certification by the Tennessee Public Service Commission ("TPSC") in Docket No. 90-

08744. That certification was transferred by the TPSC in Docket No. 91-08436 on December 20, 1991.¹

7. MCIT is a Delaware corporation and wholly-owned subsidiary of MCIC whose current operations include the provision of long-distance telecommunications services to end users and to other carriers in Tennessee. On November 26, 1984, MCIT received its original certification from the TPSC in Docket No. U-84-7311.

8. According to the Petition, the following steps will occur as part of the reorganization:

(a) MFSCC, a holding company for WT, will be merged into MCIC, also a holding company. MFSCC will no longer exist as a legal entity.

(b) The stock of WT will be transferred from MCIC to MCIT, so that WT will become a subsidiary of MCIT.

(c) WNS will be merged into MCIT. MCIT will then serve all current carrier customers of WNS. Because WNS will no longer exist as a legal entity, WNS' operating certification will be canceled.

(d) Retail operations and certain assets relating to sales will be transferred from MCIT to WT.

(e) The surviving entities will then be renamed to reflect the WorldCom/MCI merger. Specifically, WorldCom Technologies, Inc., will be renamed MCI WorldCom Communications, Inc., and MCI Telecommunications Corp. will be renamed MCI WorldCom Network Services, Inc. MCI WorldCom will remain as the ultimate parent of the Applicants.

(f) Tariff revisions will be filed to reflect the approved organizational changes and

¹ WNA, at the time, operated under the name WilTel, Inc.

name changes. Specifically, WorldCom Technologies, Inc. Tennessee Tariff No. 2 will be renamed MCI WorldCom Communications, Inc. TN TRA Tariff No. 2. MCI WorldCom Communications, Inc. will adopt the current MCI Telecommunications Corporation T.P.S.C. Tariff No. 1 and will rename it MCI WorldCom Communications, Inc. TN TRA Tariff No. 1. MCI WorldCom Network Services, Inc. will adopt the current WorldCom Network Services, Inc. TRA No. 1 and will rename it MCI WorldCom Network Services, Inc. TN TRA Tariff No. 1.

9. MCI WorldCom, both before and after the reorganization, mergers, and transfers, will be the ultimate parent of all of the MCI WorldCom subsidiaries. The proposed reorganization will have no adverse impact on consumers in Tennessee. Interexchange service will continue to be provided over the same facilities and infrastructure MCI WorldCom is currently using, and customer service will continue to be provided by the same teams of consumer representatives. The tariff revisions will not revise the rates, terms, or conditions of any intrastate service currently offered by MCI WorldCom subsidiaries operating in Tennessee. Affected consumers will be given notice of the change in the name of their telecommunications service provider in accordance with appropriate TRA regulations.

I. CRITERIA FOR APPROVING MERGER

A merger between regulated public utilities is not valid until approved by the Authority under the provisions of Tenn. Code Ann. § 65-4-112. In addition, under Tenn. Code Ann. § 65-4-101, any entity that owns, operates, manages or controls utility systems, plant or equipment under certification by this Authority, or its predecessor, the Tennessee Public Service Commission, to provide utility service in the state of Tennessee is a public utility. Since this

merger involves two entities holding certificates in Tennessee, Authority approval is required under the provisions of Tenn. Code Ann. § 65-4-112(a). This Section provides for the following:

(a) No lease of its property, rights, or franchises, by any such public utility, and **no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority**, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state. (Emphasis supplied).

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

After consideration of the entire record in this matter, including the Petition, the Directors find and conclude as follows:

1. That WT, MCIT, and WNS have been engaged in the business of providing telecommunications services in Tennessee;
2. That the Authority has jurisdiction over the subject matter of the Petition pursuant to Tenn. Code Ann. § 65-4-112;²
3. That the proposed reorganization will be accomplished through a series of mergers and transfer of assets, whereby the stock of WT will be transferred to MCIT, WNS will be merged into MCIT, and retail operations and certain assets relating to sales will be transferred from MCIT to WT;
4. That after the proposed reorganization, WNS will cease to provide telecommunications services in Tennessee; and
5. That based upon the foregoing, the reorganization, merger and transfer of assets is reasonable and compatible with the public interest and should be granted.


² Because both MFSCC and MCIC are holding companies, and not public utilities, Authority approval of their merger is not required.

IT IS THEREFORE ORDERED THAT:


1. The Petition requesting approval of the reorganization, merger and transfer of assets is approved;
2. The certification of WNS granted by the Tennessee Public Service Commission to WNS' predecessor in Docket No. 90-08744 and transferred to WNS in Docket No. 91-08436 is canceled;
3. Tariff revisions reflecting the name changes as described in the Petition will be filed with the Authority within thirty (30) days from and after the date of this order;
4. Affected customers will be given notice of the change in the name of their telecommunications service provider within two (2) billing cycles from and after the date of this order; and
5. Any party aggrieved by the Authority's decision in this matter may file an Application for Reconsideration with the Authority within ten (10) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary